

CITIZENS' TASK FORCE ON CHARGERS ISSUES

MINUTES

August 29, 2002

Meeting held at:

**Balboa Park
War Memorial Building
3325 Zoo Drive, MS 33
San Diego, CA 92101**

Mailing address is:

**City of San Diego
Special Projects Administration
1010 Second Avenue, Suite 500, MS 658
San Diego, CA 92101**

ATTENDANCE:

Members Present

David E. Watson
Nikki Clay
Cassandra Clady
Pepper Coffey
Tom Fat
Bruce Henderson
Karen Heumann
Bill Largent
Joseph Martinez
Geoff Patnoe
Patti Roscoe
Ron Saathoff
Leonard Simon
Jeffrey Smith

Members Absent

Timothy Considine

Staff Present

Libby Coalson
Bruce Herring
Les Girard
Dan Barrett

CALL TO ORDER

Item 1: Second Citizens' Task Force on Chargers Issues Meeting called to order at 6:30 p.m.– David Watson, Chairperson

Item 2: Roll Call – Libby Coalson

AGENDA ITEMS

Item 3: Minutes passed by all present, with minor changes as directed by Nikki Clay.

Item 4: Chairperson asked that additional City staff be assigned to assist the committees.

Regarding Statements of Economic Interest, reportable items are Chargers related and any conflict would basically result in the member being unable to participate in the task force.

Community planning groups have been notified of the meetings.

The web page is up and is a work in progress. Documents are being posted, agendas are added at the same time they are sent to Task Force members. The e-mails are available for review. We are going to try to post 5-10 questions on the web page as a poll, to ask public for input prior to the next meeting and do so prior to each meeting as we move ahead.

The September 12th meeting will include presentations by the Sports Council and the NFL.

Item 5: Public Comment:

Mark Wolfsheimer – Chargers are civic jewel in SD. Only 32 teams in different cities. Every city who has lost a team has fought to get it back. NFL wants cities with warm weather, grass, open air stadiums, and large hotel and convention facilities. Cannot do a Super Bowl without an NFL team and would be economic impact. This is a County-wide issue.

Joe Mannino – North Bay Association. Hoping that Task Force would include his organization in the process and asked them to offer input and give the input weight it deserves.

Alex Sachs – got notice through community planning groups. Doesn't believe valuable city resources should go toward a solution to the problem. This is a regional issue. If there is an opportunity to bring in the south bay, use transit, perhaps a bond supported by the public but paid back by groups that lease space/stadium

Edward Teyssier – LA has survived without a football team. The super bowl revenue is overstated.

Rita Kallett – This is an emotional issue. She has a petition from Chargers fans, request for new stadium 1) to keep the Chargers, 2) because it would be needed if we had to get a new team, 3) the NFL has advised San Diego that we need a new stadium. This year Chargers will win. Fans should have a voice.

Richard Rider – Wants to see presentations balanced with people in opposition and requests more than just three minutes. A winning season isn't necessarily going to impact the amount of attendees.

Scott McLachlan – If we are going to be building a new stadium, how competitive would we be? What would be in a new stadium that isn't currently at the Q? What would be the benefit? How long would it be there? If Chargers get a new stadium, then what happens to the practice facility?

John Cheney - amount paid sometimes exceeds the revenue. We never hear about the cost of renovations. Wants to hear all the facts, not just a few. The parties involved are not trustworthy. Says the answer about whether Chargers are important is a predictable yes.

Mel Shapiro – The Super Bowl is something else that should be reported on the Statements of Economic Interest. Folks should abstain from any discussion if they have any interests in the Super Bowl.

Don Stillwell – 1996 newspaper regarding \$202 m cost of funding stadium. Citizens shouldn't have to pay, Chargers should pay for a new stadium.

Lynn Mulholland – Major concern is financial. San Diego's biggest income is from conventions, people love San Diego. Mission Valley community plan calls for a park, Stadium site would be a good one. She is a member of the Mission Valley Community Council and Mission Valley Unified Planning Committee

Dan Beeman – Does not support public funds for a new stadium. San Diego would be left with a stadium that we just invested funding in recently. Could implement a big cost saving program if put the stadium on solar lighting, electric cars could use the excess energy. Advise Council to use this for Ballpark too.

Chairperson – wants people to speak, and invites groups to prepare presentations and he'll allow them to be on the agenda with an organized presentation. Groups that may want to participate include the Sports Council, ConVis, EDC, Business Improvement Districts, etc.

Item 6: Meeting schedule approved unanimously; additional special meetings may be added later. A tour of Qualcomm Stadium will be held on September 26, 2002.

Item 7: Committee assignments approved unanimously.

Item 8: Presentation by Mark Fabiani, special counsel to San Diego Chargers (the content of the presentation is on the web page)

Questions:

What kind of products are the Chargers preparing that can be provided to the Task Force? A marketing study has been conducted and results are being evaluated. Based on results, Chargers will meet with stadium design and finance experts to determine what type of stadium might be workable in SD and how to finance it.

How can the TF receive more information on the Chargers falling into the lower quarter of NFL teams? NFL will be speaking to the Task Force on September 12. NFL will provide revenue sharing information, salary cap and revenue stream for other teams, including where Chargers stand and stack-up compared to others.

Will NFL also be able to share at what point NFL has to be involved in any stadium decision and when individual teams have that type of authority? Yes.

The 1997 supplement to the 1995 Chargers agreement indicates that the Chargers will approve plans of a stadium that is state of the art comparable to others at the time and that the City was obligated to maintain the stadium in good condition – if Chargers approved the plans then and agreed that it was state of the art at the time, how much change has occurred in 6 years to make the stadium obsolete? A single use facility generates more revenue as it can cater to the needs of that team. All seats can be between the goal lines so views are better, and people will pay more. Also, there are signage and advertising differences. When the teams can arrange for higher tech advertising, displayed every 60 seconds, etc. it is better for revenue.

If the City does meet the expectations of a new stadium now, what will the need be later? Always want more, bigger, better. These thoughts are lingering... The Chargers are looking for a permanent solution now. A quantum leap has occurred – from dual-use to single-use facilities.

Is it possible that renovations at Qualcomm Stadium after the Padres leave would be satisfactory to the Chargers? The Chargers are willing to consider all ideas.

When NFL reps are here, maybe they can produce some sort of graphic that compares all the teams? The Chargers will work with the NFL to get whatever is needed by the Task Force, and after the presentation will do whatever is necessary to follow up.

If the team had a different win/loss record in the current facility, what would cash flow/revenues be like? When the NFL is here, will they talk about how the teams in older facilities doing – Oakland, Green Bay, etc., for comparison purposes? Chargers play 10 games a year in a facility, an estimated cost of \$400m for a new stadium for only 10 games...what else could be done in the facility? Lots of ideas out there and Chargers have experts working on exploring the alternative uses. Same goes for generating revenue by using the area around the facility. In the NFL, virtually all the revenue is shared, including the gate revenue, television revenue, etc is shared around the league. Bottom line difference is that revenue that is not shared is local – tv, radio, preferred seats, boxes, advertising.

When NFL is here, as much info as possible would be helpful, especially having them define what is proprietary – it makes the task easier. Also, include any information about offsetting expenses

Can the NFL bring some visuals of other stadiums, including those with parks/businesses surrounding, sky boxes with conference rooms, etc. Interested in comparing these to what we have at Qualcomm currently.

Why are current stadium with upgrades not suitable? The last decade has been a surprise to everyone, projections were based on information that turned out not to be true. Mr. Fabiani recommends that the Task Force go see a new stadium to get a first-hand understanding of the difference.

Item 9: Presentation by Les Girard of the City Attorney's office on the current Chargers contract (the content of the presentation is on the web page)

In response to questions or comments by the Task Force:

The Task Force would like some sort of visual diagram on the triggering/re-opener to make it more clear – the financing subcommittee can look into this.

The data for the re-opener triggering decision is not public, but it is implied that the Chargers would have to demonstrate that it has occurred should they trigger. City is not sure whether they have been in a position to trigger during past years.

There would be no obligation to build a new stadium if the Chargers trigger the re-opener.

Was there financial info provided during original negotiations similar to what the triggering info would be? Mr. Girard has not seen any financial information provided, and he cannot say whether there was such information provided or representations made about the numbers.

The term “good faith negotiations” is defined based on court interpretations.

If the City receives a letter of intent, we would have an expert to help analyze

What if there is a dispute about whether a triggering event has occurred? The court would resolve.

If a new stadium built would there be an attendance guarantee? If the City Council decided on a new stadium, assume they would start from scratch.

Negotiations in L.A. may have made fans lose faith, thus perhaps they breeched their obligations to make good faith efforts? LA was pursuing the Chargers not vice versa, and led to believe AEG was pursuing others too.

Not sure what form a letter of intent would take

Not sure if Chargers have used their best efforts given the ticket prices, the Raider's ticket scenario and the threat of Los Angeles. If triggering does not occur, and Task Force finds that the Chargers do need a new stadium, parties could mutually decide to renegotiate.

1997 stadium plans were approved and we've provided Chargers with full house. Why do they need a new stadium?

Need to hear from other tenants also about what works or doesn't work at the Stadium.

Task Force would like a chart of total seats, each type, where the tickets go, how many are season tickets, promotional, for the visiting team, etc.

Blackout needs to be addressed – whether imposing it generates sales - are there studies or trends on this?

ADJOURNMENT

The meeting was adjourned.

**The next scheduled meeting is: Thursday, September 12, 2002 @ 6:30 p.m.
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Submitted by,

Libby Coalson
Staff Representative